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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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02/13/2004

Peter Hansen

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EPSTEIN DRANGEL BAZERMAN & JAMES, LLP
60 EAST 42ND STREET
SUITE 820
NEW YORK, NY 10165

EXAMINER

WOOD, DAVID L

ART UNIT

PAPER NUMBER

4194

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/779,486	Applicant(s) HANSEN ET AL.	
	Examiner DAVID L. WOOD	Art Unit 4194	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 13 February 2004 and 23 September 2005.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-25 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-25 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 23 September 2005 is/are: a) ☐ accepted or b) ☒ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Drawings

1. New drawings were received on 9/23/2005. These amended drawings are not acceptable. The drawings are objected to because of margins that are too narrow, according to 37 CFR 1.84(g), which may interfere with reproduction. Corrected drawing sheets in compliance with 37 CFR 1.121(d) are required in reply to the Office action to avoid abandonment of the application. Any amended replacement drawing sheet should include all of the figures appearing on the immediate prior version of the sheet, even if only one figure is being amended. The figure or figure number of an amended drawing should not be labeled as "amended." If a drawing figure is to be canceled, the appropriate figure must be removed from the replacement sheet, and where necessary, the remaining figures must be renumbered and appropriate changes made to the brief description of the several views of the drawings for consistency. Additional replacement sheets may be necessary to show the renumbering of the remaining figures. Each drawing sheet submitted after the filing date of an application must be labeled in the top margin as either "Replacement Sheet" or "New Sheet" pursuant to 37 CFR 1.121(d). If the changes are not accepted by the examiner, the applicant will be notified and informed of any required corrective action in the next Office action. The objection to the drawings will not be held in abeyance.

Claim Objections

2. Claim 17 is objected to because of the following informalities: claim is presented as two separate sentences. See MPEP § 608.01(m). Appropriate correction is required.
3. Claim 7 is objected to because of the following informalities: one "means" clause begins with "the system has means ..." which creates awkward grammar and may lead to misinterpretation. For the purposes of examination, the examiner ignores the words "the system has" in this claim.

Claim Rejections - 35 USC § 112

4. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.
5. Claims 3 and 6-24 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.
6. Claim 3 recites the limitation "the system" in the third means statement. There is insufficient antecedent basis for this limitation in the claim. It is unclear what delimits "the system" in the context of the invention: the database, the computer process, the brokerage customer base, or other possibilities.
7. Claim 3 recites the limitation "the anonymous commission service " in the third means statement. There is insufficient antecedent basis for this limitation in the claim. It is unclear what delimits this "service."

8. Claims 6-24 begin with "The system of" but refer to previous claims which do not claim a system, but instead claim a process.

Claim Rejections - 35 USC § 101

9. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

10. Claims 1-24 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Claim 1 is directed to "a computer process capable of ...". This description includes non-patentable mental processes, rather than the statutorily patentable classes of machines, manufactures, processes, and compositions of matter. A computer process alone is not a system, machine-executable medium, or method, and does not necessarily create any useful, concrete, and tangible result, since it could be purely algorithmic.

Claim Rejections - 35 USC § 102

11. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

12. Claims 1, 9-14, and 22-24 are rejected under 35 U.S.C. 102(e) as being anticipated by Thomas, et al., U.S. Pat. Appl. Publication No. 2004/0236660.

13. As to claim 1, Thomas discloses:

- *means for providing an overview of commission payments for a predetermined time period; (figures 3, 4, paragraphs 0113, 0114, 0134)*
- *means for providing details of step-out payments for the predetermined period; (figures 17, 18, and 20, paragraphs , 0007-0009, 0299, 0300, 0303)*
- *means for adjusting step-in amounts and frequencies; (paragraphs 0029, 0171, 0229)*
- *means for providing notification that a commission payment has been stepped out and is capable of being credited; (paragraphs 0231, 0335)*
- *means for automatically suggesting and performing step-ins and step-outs; (paragraph 0218) and*
- *means for assessing the step-outs and step-ins against a predetermined budget (paragraph 0229).*

14. As to Claim 9, Thomas discloses the limitations of claim 1, above, and further discloses:

- *means for listing registered brokers; (figure 3, paragraphs 0113, 0114)*
- *means for indicating the default commission rate for a selected broker; (figure 3, paragraphs 0113, 0114)*
- *means for programming commission recapture; (paragraph 0114)*

- *means for allowing step-outs against an executing broker to be limited on both a long and short term basis; (paragraph 0168)*
- *means for choosing a payment method for paying a research broker; (paragraph 0081)*
- *means for programming predefined intervals for paying research brokers; (paragraphs 0064, 0076) and*
- *means for identifying the client for whom the trader is employed (paragraph 0114).*

15. As to claim 10, Thomas discloses the limitations of claims 1 and 9, above, and further discloses:

- *where said means for programming predefined intervals for paying research brokers is capable of being programmed to pay the research brokers immediately upon a clearing of a trade, or at a predefined time or financial interval (paragraph 0168).*

16. As to claim 11, Thomas discloses the limitations of claims 1 and 9, above, and further discloses:

- *where said means for choosing a payment method for paying a research broker is capable of being programmed to execute a payment through commissions, traditional step-ins, anonymous step-ins, or hard-dollar payments (paragraph 0081).*

17. As to claim 12, Thomas discloses the limitations of claims 1 and 9, above, and further discloses:

- wherein said means for programming softdollar arrangements is capable of being programmed for no credit, or as a ratio of commission, or as a fixed base of commission (paragraphs 0093, 0332).

18. As to claim 13, Thomas discloses the limitations of claim 1, above, and further discloses:

- *means for programming the desired notification frequency; and means for providing notification to the research broker* (figures 39, 40, paragraphs 0093, 0231, 0345).

19. As to claim 14, Thomas discloses the limitations of claims 1 and 13, above, and further discloses:

- *wherein said means for programming the desired notification frequency is capable of being programmed to provide notification when payments are made, when commissions have accrued, at a predefined time or financial interval, or when the commission account accrues multiples of a chosen dollar amount* (paragraphs 0076, 0231, 0335, 0345 – vendor notification screen is capable of showing when commissions have accrued).

20. As to claim 22, Thomas discloses the limitations of claim 1, above, and further discloses:

- *means for listing actual budget values;* (figure 29, paragraph 0327) and
- *means for indicating the budgeted commission amount for a predetermined period and the dispersion of the commission for a predetermined period* (figure 32, paragraphs 0331, 0332).

21. As to claim 23, Thomas discloses the limitations of claim 1 and discloses (figure 3, paragraphs 0113, 0114):

- *means for listing the rank of an executing broker;*
- *means for listing the identity of the executing broker;*
- *means for listing the target percentage of the entire commissions which the broker is to be paid over a predetermined period;*
- *means for listing the target dollar amount which the broker is to be paid over the time period; and*
- *means for listing the updated amount of commission paid to the broker during the predefined time period.*

22. As to claim 24, Thomas discloses the limitations of claims 1 and 22, above, and further discloses (figure 3, paragraphs 0113, 0114):

- *means for depicting the total budgeted commission; and*
- *means for depicting how the amount of commission is distributed among executing brokers, research brokers, soft dollars, and discretionary distributions.*

23. Claim 25 is rejected under 35 U.S.C. 102(a) as being anticipated by BrokerShare, www.instinet.com, October 8, 2003 (from www.archive.org), which discloses:

- *tracking payments to research brokers;*
- *stepping-out commission payments for the research brokers without interacting with executing brokers; and*

- *paying the research brokers.*

Claim Rejections - 35 USC § 103

24. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

25. The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

26. Claims 2, 4, and 5 are rejected under 35 U.S.C. 103(a) as being unpatentable over Thomas, in view of Murtaugh, et al., U.S. Pat. Appl. Publication No. 2003/0225666.

27. As to claim 2:

- Thomas discloses the limitations of claim 1, above.
- Thomas does not disclose, but Murtaugh does disclose (in Murtaugh figure 5, Murtaugh paragraph 0037):
 - *means for storing all commission payments to a plurality of registered brokers;*

- *means for storing the commission for a particular order; and*
 - *means for storing individual step-outs for a particular executing broker as associated with a particular order*
- It would have been obvious to one of ordinary skill in the art at the time of the invention to have combined the teachings of Thomas and Murtaugh, because it would permit a system that reports step-outs tied more closely to actual trades, in order to permit asset managers and executing brokers to better manage or report soft dollar transactions and disbursements, since the transactional detail is important to those parties.

28. As to claim 4:

- Thomas and Murtaugh disclose the limitations of claims 1 and 2, above.
- Murtaugh further discloses (Murtaugh paragraphs 0030, 0032):
 - *means for identifying the stock chosen by the trader for a particular order;*
 - *means for indicating the number of shares which have been executed during the life of the order;*
 - *means for indicating the quantity of shares that are scheduled to be "stepped out" from a particular order; and*
 - *means for indicating the commission rate per share of stock.*

29. As to claim 5:

- Thomas and Murtaugh disclose the limitations of claims 1 and 2, above.
- Murtaugh further discloses (Murtaugh paragraphs 0030, 0032, 0033):
 - *means for identifying a particular executing broker selected for a step-out;*

- *means for identifying the number of shares being stepped out; and*
- *means for indicating the amount of commission taken from the broker from the step-out.*

30. Claim 3 is rejected under 35 U.S.C. 103(a) as being unpatentable over Thomas, in view of Murtaugh, and in further view of BrokerShare, www.instinet.com, October 8, 2003 (from www.archive.org). As to claim 3:

- Thomas and Murtaugh disclose the limitations of claims 1 and 2, above.
- Thomas further discloses (paragraphs 0117, 0118):
 - *a means for storing the brokerage firms registered with the system;*
 - *means for storing the total amount of commission earned by a broker from executing orders within a defined time period;*
 - *means for storing the total amount that has been stepped in to each research broker using the ... commission service for the trading period;*
 - *means for storing the amount stepped in to the research broker and stepped out from the executing broker, respectively, during the predefined time period; and*
 - *means for storing the net commission payable to the brokers*
- Thomas does not disclose anonymous step-outs.
- BrokerShare, however, does disclose commission sharing that maintains confidentiality, "so your trading strategy will not be revealed to brokers receiving your commissions."

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- It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Thomas and BrokerShare, to compensate broker/dealers that provide services of value, while not revealing trading strategies or positions to them.

31. Claim 6 is rejected under 35 U.S.C. 103(a) as being unpatentable over Thomas, in view of BrokerShare, www.instinet.com, October 8, 2003 (from www.archive.org). As to claim 6:

- Thomas discloses the limitations of claim 1.
- Thomas further discloses:
 - means for storing payments stepped out, ... through traditional methods, from particular orders; and
 - means for listing a plurality of step-outs, from a plurality of orders.
- Thomas does not disclose anonymous step-outs.
- BrokerShare, however, does disclose commission sharing that maintains confidentiality, "so your trading strategy will not be revealed to brokers receiving your commissions."
- It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Thomas and BrokerShare, to compensate broker/dealers that provide services of value, while not revealing trading strategies or positions to them.

32. Claim 7 is rejected under 35 U.S.C. 103(a) as being unpatentable over Thomas, in view of BrokerShare, and in further view of Murtaugh and Buckwalter, et al., U.S. Pat. Appl. Publication No. 2004/0254877. As to claim 7:

- Thomas and BrokerShare disclose the limitations of claims 1 and 6, above.
- Murtaugh further discloses (Murtaugh paragraph 0037):
 - *means for listing the executing broker for the order, from which payments are stepped out;*
 - *means for listing the stock for the order;*
 - *means for storing the number of shares executed for the order;*
 - *means for storing the quantity of shares being stepped out from the order;*
and
 - *means for storing the rate per share of commission for the step-out.*
- Buckwalter discloses (Buckwalter paragraph 0035):
 - *means for indicating the execution quality of the broker.*
- It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Thomas, BrokerShare, Murtaugh, and Buckwalter, because it would create a more complete accounting of the anonymous step-out payments, which may be required for SEC accountability (including execution quality of trades), may be considered important information to asset managers, and would be expected in any detailed accounting system that may be subjected to audits.

33. Claim 8 is rejected under 35 U.S.C. 103(a) as being unpatentable over Thomas, in view of BrokerShare, and further in view of Murtaugh. As to claim 8:

- Thomas and BrokerShare disclose the limitations of claims 1 and 6.
- Thomas and BrokerShare do not disclose, but Murtaugh discloses (Murtaugh paragraph 0037):
 - *means for listing the executing broker;*
 - *means for listing the research broker;*
 - *means for storing the stock ticker;*
 - *means for storing the quantity to be stepped out from the executing broker; and*
 - *means for storing the dollar amount stepped out.*
- It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Thomas, BrokerShare, and Murtaugh, because it would create a more complete accounting of the anonymous step-out payments, which may be required for SEC accountability, may be considered important information to asset managers, and would be expected in any detailed accounting system that may be subjected to audits.

34. Claims 15-21 are rejected under 35 U.S.C. 103(a) as being unpatentable over Thomas, as applied in claim 1, above, in view of Greifeld, et al., U.S. Pat. Appl. Publication No. 2002/0198815.

35. As to claim 15:

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- Thomas discloses the limitations of claim 1, above.
- Thomas does not disclose, but Greifeld does disclose (Greifeld figure 2, paragraphs 0067-0070, 0076, 0077, 0081):
 - *means for listing orders;*
 - *means for storing the preferences which govern the automatic step out;*
 - *means for listing an automatic step-in; and*
 - *means for storing the preferences which govern the automatic step in.*
- It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Thomas and Greifeld, because a system to execute and account for trades for which undisclosed step-outs are made would require a detailed accounting of the trading details, mechanics, preferences, and policies, in addition to the amount of commissions forwarded to the research brokers.

36. As to claim 16:

- Thomas and Greifelt disclose the limitations of claims 1 and 15, above.
- Greifeld further discloses (Greifeld figure 2, paragraphs 0046-0059):
 - *means for indicating the executing broker from which shares are to be stepped out;*
 - *means for storing the stock ticker;*
 - *means for storing the quantity of stock ordered;*
 - *means for listing the step-out quantity; and*
 - *means for storing the rate of the commission on the shares of the order.*

- It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Thomas and Greifeld, because a system to execute and account for trades for which undisclosed step-outs are made would require a detailed accounting of the trading details, mechanics, preferences, and policies, in addition to the amount of commissions forwarded to the research brokers.

37. As to claims 17 and 18:

- Thomas and Greifelt disclose the limitations of claims 1, 15, and 16, above.
- Greifeld further discloses (paragraphs 0067-0071):
 - *a plurality of adjustable controls, said adjustable controls capable of adjusting the degree to which a larger or smaller number of stepouts are suggested, the degree to which stepout quantity is made larger or smaller, the degree to which relatively larger or smaller orders should be chosen for step-outs, the degree to which orders in favored stocks should be chosen for step-outs, and the degree to which blocked stocks should be avoided for step-outs. Said means further comprises means for adding favored and blocked stock symbols.*
- Greifeld further discloses (paragraphs 0067-0071):
 - *wherein said means for listing orders comprises fields, said fields being automatically populated according to adjustment of said means for indicating the preferences which govern the automatic step out.*

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- It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Thomas and Greifeld, because a system to execute and account for trades for which undisclosed step-outs are made would be unmanageable without information to help direct and keep track of these parameters for a variety of brokers involved in the research and trading of stocks, to enable quick execution of orders involving step-outs.

38. As to claim 19:

- Thomas and Greifelt disclose the limitations of claims 1 and 15, above.
- Greifeld further discloses (Greifeld paragraph 0067):
 - *means for indicating the research (or other) broker for which share quantities will be stepped in; and*
 - *means for identifying whether the broker is stepped in through anonymous or traditional methods.*
- It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Thomas and Greifeld, because the system would require different reports for brokers who are stepped in anonymously, which would require means for separating the types of step-outs in the system.

39. As to claim 20:

- Thomas and Greifelt disclose the limitations of claims 1, 15 and 19, above.
- Thomas further discloses (paragraphs 0217-0128):
 - a plurality of control variables, said control variables capable of controlling each of the adherence to client directions, paying firms that are furthest

behind; paying firms that provide soft-dollar services, and spreading the payments over a large amount of brokers.

40. As to claim 21:

- Thomas and Greifelt disclose the limitations of claims 1, 15, 19, and 20, above.
- Thomas further discloses (paragraphs 0217-0218):
 - *said fields being automatically populated according to adjustment of said means for indicating the preferences which govern the automatic step in.*

Conclusion

41. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. These publications concern similar approaches to the concept of unbundling trade execution from other traditional components and accounting for them in a variety of contexts and manners to redistribute compensation between participants and providers.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to DAVID L. WOOD whose telephone number is (571)270-3607. The examiner can normally be reached on Monday through Friday 7:30 to 5:00 EST.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Charles Kyle can be reached on 571-272-6746. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/David L. Wood/
Examiner, Art Unit 4194

/Charles R. Kyle/

Supervisory Patent Examiner, Art Unit 4194